



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CAMPAIGN & POLITICAL FINANCE

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MARY F. MCTIGUE
DIRECTOR

October 12, 1988
AO-88-28

Steven A. Reidich, Esquire
King, Shapiro, Cohen, Boyd & Young
Breckinridge Boulevard
Building 1200
Duluth, GA 30136

Dear Mr. Reidich:

This letter is in response to your request concerning the application of M.G.L. c.55 to a employee political contribution system administered by a corporation.

You have stated that certain independent insurance agents will request the insurance company for whom they are agents to implement a commission withholding system (the "System"). The purpose of the System will be to forward contributions from the individual agents to a political committee organized in Massachusetts. To assure no in-kind contribution of services, equipment, facilities, supplies, and the like by the corporation to the political committee, the insurance agents will pay for all the costs incident to the implementation of the System.

The System will be implemented through individual contributions made by participants in the System. Each participant will assign a stated sum per month to be withheld from such individual's monthly commission check. The insurance company will aggregate all such individual contribution-assignments into one check, and after deducting the cost of the System, forward that check, once a month to the political committee. The insurance company will also supply the political committee with a monthly and year-to-date accounting of the contributions for each individual participant in the System.

Prior to forwarding each individual's contribution to the political committee, the insurance company will deduct from each individual contribution-assignment the costs necessary to implement the System. These costs will include any start-up costs, adjustments to computer programs and labor involved in implementing the System.

Section 8 of M.G.L. C.55 states, in pertinent part, that ". . . no business corporation incorporated under the laws of or doing business in the commonwealth . . . shall

directly or indirectly give, pay, expend or contribute, or promise to give, pay, expend or contribute, any money or other valuable thing for the purpose of aiding, promoting or preventing the nomination or election of any person to public office, or aiding or promoting or antagonizing the interest of any political party . . ."

The Attorney General has further stated that ". . . corporations may not provide internal mail or payroll deduction systems to candidates or political committees without receiving appropriate compensation in return." Opinion of the Attorney General, November 6, 1980, p.12 (emphasis added).

This office is of the opinion that the System, pursuant to which the insurance company will be fully reimbursed for all services, equipment, facilities, supplies and the like which it provides, complies with the requirements of M.G.L. c.55, with one exception.

Section 18 of M.G.L. c. 55 states, in part, that a political committee shall report each expenditure it makes and "the full name and address listed alphabetically, of each person to whom an expenditure is made, in the reporting period, in an amount or value of twenty-five dollars or more, the amount or value, date and purpose of each such expenditure . . .

It is the opinion of this office that if all costs associated with administering the System are deducted prior to the time that the insurance company forwards the contributions to the political committee, an accurate record of the expense associated with such administration will not be reported by the political committee. This office would require that the insurance company forward all contribution proceeds to the political committee and to invoice the committee separately for the services, equipment, facilities, supplies and the like which the company provides. The committee would then issue a check to the company in payment for the invoice and report such payment as an expenditure on its campaign finance report.

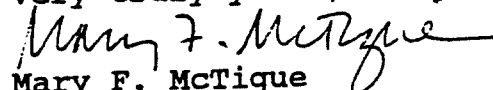
We would also alert you to the requirement for all political committees organized outside of Massachusetts to file under and meet the requirements of M.G.L. c. 55 prior to contributing anything of value to Massachusetts candidates or political committees organized in Massachusetts. This would include the limitation of \$1,000 on contributions from a political committee organized in Massachusetts to any other political committee, including a related federal committee. I have included a copy of Interpretative Bulletin 101 for your information on the involvement of out-of-state political committees in Massachusetts campaign finance activities.

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This opinion has been rendered solely on the basis of the representations made in your letter and solely in the context of M.G.L. c.55.

Please do not hesitate to contact this office should you have additional questions.

Very truly yours,


Mary F. McTigue
Director

enclosure